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SUBJECT: EAST JAVA MUDFLOW UPDATE: REFUGEES REMAIN IN PORONG MARKET

REF: JAKARTA 2186 (AND PREVIOUS)

SENSITIVE BUT UNCLASSIFIED. PLEASE PROTECT ACCORDINGLY.

1. Despite reports that the Bupati of Sidoarjo planned to evict forcibly all residents of the refugee camp at the Porong market on August 10, an estimated 2,500 villagers displaced by the Lapindo mud flow remained in residence as of August 13. According to a volunteer from TAGANA (a humanitarian organization which maintains a booth at the market), in anticipation of possible violence, many of the women and children temporarily evacuated the market before the August 10 deadline, but returned over the weekend. Residents armed themselves with pointed bamboo spears against the anticipated eviction and held a "people's forum" of speakers protesting the actions of the government and Lapindo in failing to compensate sufficiently the displaced villagers. The Bupati of Sidoarjo had denied the Consulate's request for the Ambassador to visit the market during his August 8 visit to the mud flow because of the potential for violence.

2. Our TAGANA contact told us that in an August 12 meeting at the market, the Vice Regent of Sidoarjo urged the refugees to accept the compensation package and relocate to another site so that the market could open for business. He insisted that the government had no plans to evict the refugees or to cut off food, water and electricity, but was still working to identify a suitable relocation site for the villagers. The Vice Regent suggested that undefined "parties" were spreading rumors about a "deadline" in an attempt to cause unrest.

3. The Sidoarjo authorities are trying to convince the remaining refugees to accept Lapindo's proffered compensation package, which provides for a 20% down payment and rent money, with total compensation paid in two years. The Porong market refugees are demanding 50% in up-front compensation, full compensation within three months, and relocation as a village. Contacts in the market tell us, however, that there are growing divisions within the market residents about accepting Lapindo's offer. Refugee advocate groups are also urging creation of a rehabilitation program of skills job training and advice of how to invest bulk compensation payments. An additional 500 refugees in a separate location reportedly accepted the Lapindo compensation plan over the weekend, but the remaining residents are holding out. The 2,500 refugees currently located in the Porong market represent an estimated 7% of the total numbers displaced thus far by the

mud.

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